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CENTRAL INTELLIGENCE AGENCY

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RELOCATION OF SOVIET INDUSTRY*

The geographical redistribution of Soviet industry from its prewar concentration extends throughout seven regions--Urals, Southwest, (includes Trans-Caucasia), Central Asia (Tashkent-Kazakhstan) Western Siberia (Tomsk), Southern Siberia (Irkutsk), and Eastern Siberia, (Dalstroi-Magadan), and Southeast Siberia.

Redistribution is of two distinct types: that carried out during the war and that accomplished since. War evacuation of industry from the west effected only the Urals, West Siberia, and Central Asia, and was characterized by wholesale movements of complete industrial plant units such as metal-working plants convertible to war products. These units have remained at their new locations (with the exception of some phases of the fine instrument industry). Since the war, the raw material basis and auxiliary-production facilities have been expanded for these wartime units at their new locations.

Postwar redistribution, although overlapping the areas mentioned as being effected by war evacuation, has primarily followed a planned development of new industry in the Far East and the Southwest (Trans-Caucasia). Contrary to previous prewar Soviet practice, these new industrial installations have not been created full-blown, but rather on the basis of small scale production facilities which can give the most immediate return on capital investment. Initially a

* CIA has no reliable evidence indicating the the USSR is presently developing underground industry.

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relatively small shop exclusively concerned with repair work is established. Later, a foundry is added, and actual production of spare parts is undertaken. Unit manufacture follows a planned expansion program as sufficient organization and materials are developed from local sources and new construction is added. As the expansion takes place, capital goods not available locally are requisitioned from central depots. It has been noted that looted Manchurian equipment is being absorbed by this method in the Far Eastern Area. German plant facilities, on the other hand, apparently are being used to rebuild war-devastated areas, although some German plant equipment has been added to the Ural industrial complex, principally in Kuibyshev. There is very little evidence that German equipment or technicians are being used to any extent in the development of areas south and east of the Urals.

Actual estimates of the present and future planned shift of total Soviet industrial output can only be inferred from a few isolated statistics. Thus the regional shift in the contribution of total Soviet coal production is indicated by the fact that 96,000,000 metric tons annually are being produced in eastern coal mines exclusive of the Dalstroi complex, as compared with the 85,500,000 metric tons produced by the Donets basin in 1940. The Donets basin supposedly produced more than half of the total Soviet prewar production, and at present is only producing at the rate of 59,000,000 metric tons per year.

Even in 1943, more aluminum and magnesium were produced in the Urals and West Siberia than in all of the USSR in 1940. Soviet

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economists also claim that by 1945 the output of rolled non-ferrous metals in the Urals during the war exceeded the total prewar Soviet production level.

In terms of heavy industry, the Urals form the backbone of Soviet production. During 1947, production of pig iron and raw steel in the Urals industrial region alone (primarily Chelyabinsk, Molotov and Sverdlovsk oblast) represented almost 80% of the total estimated Soviet production. Formerly occupied areas are being restored which, when completed, will equal the present Ural production rates. Exploitation of iron ore deposits in Western Siberia (Kuznetsk), Transcaucasia, and Central Asia (Kazakhstan and Uzbekistan) is also being carried forward and steel production facilities added and expanded.

Reports indicate that the rehabilitated chemical plants in the central industrial region are still heavily concentrated around the Moscow-Gorki-Tula triangle. Rebuilding in the Ukraine-Donbas areas with Dnepropetrovsk as a center also continues. New plants are being erected east of the Urals, however, with Magnitogorsk as a center and a new electro-chemical industry is being pushed in Kazakhstan near Uzbek.

The Soviets have been dependent for a high proportion of their power on a relatively few major stations and, furthermore, have had no complete grid system to provide an alternate supply. Efforts to remedy this were accelerated during the war and resulted in a significant shift of electric power capacity into the Urals, Western Siberia and Central Asia, areas of strategic location and greatest future industrial concentration. By this relocation the

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installed electric capacity in these regions has been increased from 18 percent of the total USSR capacity in 1940 to 38.4 percent in 1946.

The location and production estimates of the anti-friction bearing industry might serve as a further index to the redistribution of Soviet industry. Whereas Soviet prewar anti-friction bearing production was confined almost exclusively to two factories in Moscow, expansion being planned to continue in White Russian areas, the war forced a relocation of the industry to the Urals and Western Siberia. As a result, Moscow's share in the total Soviet bearing-production has dropped from close to 100 percent in 1940 to 53 percent at present and will further decrease to 34 percent by 1950 if present expansion to the East is carried out according to plan.

In terms of factory units, present location of factories shows only four units in the western industrial area as compared to approximately ten or more located in other areas.

Thus the bearing industry is being dispersed to the new industrial centers and will form an integral part of the newly developed industrial complexes.

Distribution of new bearing plants would seem to indicate in terms of plant units an equal development throughout the USSR east of White Russia. There is little doubt, however, that at present the bearing plants in the Urals (Sverdlovsk, Kuibyshev and Chelyabinsk) and at Baku are contributing the largest share of new production.

In spite of the effort towards a balanced regional economy,

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